NORTH CENTRAL REGIONAL TRANSIT DISTRICT
FINANCE SUBCOMMITTEE

February 26, 2016
9:00 AM - 11:00 PM

Executive Conference Room
1237 N. Riverside Drive
Espanola, NM 87532

CALL TO ORDER: Councilor Pete Sheehey, Chair

Roll Call:

ITEMS FOR DISCUSSION/RECOMMENDATION

A. **Insurance Bid Update**
Sponsor: Anthony Mortillaro, NCRTD Executive Director and Troy Bingham, Finance Director.
Attachment

B. **Veterans "Free Fare" on Fare Service Routes**
Sponsor: Anthony Mortillaro, NCRTD Executive Director and Troy Bingham, Finance Director.
Attachment.

C. **Minutes from January 22, 2016**
Draft Minutes

MATTERS FROM THE SUBCOMMITTEE

ADJOURN

If you are an individual with a disability who is in need of a reader, amplifier, qualified Sign Language interpreter or any other form of auxiliary aid or service to attend or participate in the hearing of the meeting, please contact the NCRTD Executive Assistant at 505-629-4702 at least one week prior to the meeting, or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats.

Memorandum

To: Finance Subcommittee
From: Troy Bingham, Finance Director
Thru: Anthony J. Mortillaro, Executive Director
Date: February 26, 2016
Re: **Insurance Bid Update**

Background:

October 2015:

At the October 9, 2015 Board meeting, the Executive Director, Anthony Mortillaro, expressed the desire to look out in the market to ascertain if the District's current insurance coverage with the New Mexico Municipal League (NMML) was competitively priced, since this process had never been undertook in the District's history.

By the end of October, District staff had embarked upon the process of identifying and inviting brokers to scheduled interviews. Four (4) brokerage firms in New Mexico were identified and invited to discuss the expectations of the process and their individual expertise in governmental/transit representation. The four (4) firms that staff meet with were:

- Manuel Lujan Insurance – HUB international
- Reynolds Insurance
- Aon Insurance
- Daniels Insurance

After better understanding the relationship of the broker in finding insurance in the market, staff realized that Daniels Insurance had already shopped the District insurance coverage partially when looking for specific insurance requirements for the Santa Fe Mountain Trail Lease Bus and the United States Forest Service (USFS) permit requirements. Even though these additional policies only involved three buses in the District's fleet the whole District's information was shared with companies to explore other cost saving options for these additional polices.

November 2015:

Daniels Insurance was selected as the broker and they discussed the information that was gathered from the last four months from the various insurance companies that they had shopped for policy coverage.

- One Beacon was offering complete coverage of the District for slightly higher deductibles but comparable insurance coverage for the District in the amount

of $107,927 per year + $15,000 for Daniels Insurance to service the District in a similar fashion as the NMML.

- At the time, the District's current coverage from the NMML was $123,133 + the additional policies for Santa Fe Mountain Trail Buses of $16,116. The Leasing Company required insurance coverage in an amount greater than what was provided by the NMML and NMML does not additionally insure non-government entities and therefore the District had no choice but to seek coverage from an additional insurance carrier. Once this lease expires or the bus is purchased by the District this $16,166 insurance amount will be significantly reduced depending on the outcome of USFS permit and insurance requirements.
- Going with the One Beacon policy could have saved the District $16,522 a year in insurance costs.

December 2015:

Early in December, the NMML delivered a letter to the District claiming a $12,000 reduction in the District's insurance policy to which staff inquired the specifics of the reductions and to this date have not received an answer from the NMML.

District staff discussed the idea of giving NMML a chance to propose an all-inclusive insurance coverage with competitive pricing and what the broker structure would look like if the broker served as the bid negotiator and the NMML was chosen by the District. District legal staff developed a matrix for comparing apples to apples coverage with the One Beacon quote, and distributed that document to NMML for participation by January 8, 2016. Unlike the New Mexico Association of Counties (NMAC) the NMML has not bid on insurance coverage for one of its member governments, so this effort was not expected to receive a response from the NMML.

December 28, 2015 the USFS delivered a formal letter claiming the additional insurance coverage for Santa Fe Mountain Trail was not sufficient from National Indemnity, but One Beacon potential coverage would also lack the language necessary by the USFS. Daniels Insurance and District legal started searching for a solution.

January 2015:

Daniels received information from One Beacon they would risk the language required by the USFS in an effort to move forward and extended the quote from late November to January 15, 2016. However, the language on the insurance policy would be contrary to what the New Mexico Insurance Commission has approved for carriers.

At the January 8, 2016 Board meeting the Board authorized a legal response to USFS

that a permit is not needed by the District, so pursuing bidding of comprehensive insurance coverage was put on hold pending the outcome of this dispute.

Recommendation:

It is recommended that the Finance Committee discuss and review the timeline and information presented and discuss a course of action to the staff on whether bidding of a comprehensive insurance coverage for the District should continue to be held in abeyance

Attachment:

- Premium Summary – Revised 11/23/2015 from Daniels Insurance

PREMIUM SUMMARY – REVISED 11/23/2015

NAMED INSURED: North Central Regional Transit District

COVERAGE	Municipal League 2014-2015	ONEBEACON 2015-2016
Business Auto	$ 90,000.00 52 units a/o 5-18-2015	$ 73,734.00 58 units/includes all units currently under the NICO policy Does NOT include 2016 Ford F550 (T581) under construction
	$ 13,080.00 NICO - 2 units	
	$ 19,200.00 avg cost to add 3 new units recently added Approx. $6,400 each	
General Liability	Included above (Municipal League)	$ 11,698.00 Includes Add'l Insd to Forest Service
	$ 853.00 (Cincinnati) Includes Add'l Insd to Forest Service	n/a
Property	Included above	$ 4,336.00
Equipment Floater	Included above	$ 221.00
Crime	Included above	$ 2,074.00
Public Officials	Included above	$ 937.00
Employment Practices	Included above	$ 3,247.00
Total Premium net of Commission	**$ 123,133.00**	**$ 96,247.00**

COVERAGE	Municipal League 2014-2015		ONEBEACON 2015-2016
T581 2016 Ford Startrans #5858	NICO Auto Quote - $6,846	Auto	$ 3,806.00
	$4M XS Quote $9,270.27	$4M Excess	$ 7,874.00
Total annual "bus leased from Creative Bus"	$16,116.27		$11,680.00

OneBeacon will ONLY provide this coverage on the 2016 Ford Startrans bus being leased from Creative Bus WHEN THEY PLACE THE ENTIRE INSURANCE ACCOUNT INTO EFFECT.

TOTAL INSURANCE PREMIUMS (NET OF COMMISSION -ONEBEACON)	$139,449.27	$107,927.00
Daniels Insurance Fee for Servicing		$ 15,000.00
TOTAL INCLUDING FEE	$139,449.27	$122,927.00

OPTIONAL PREMIUM QUOTATIONS FOR EXCESS LIABILITY

$1,000,000 Limit	**$12,883.00**
$2,000,000 Limit	**$19,566.00**
$3,000,000 Limit	**$24,913.00**
$4,000,000 Limit	**$29,924.00**

Memorandum

To: Finance Subcommittee
From: Troy Bingham, Finance Director
Thru: Anthony J. Mortillaro, Executive Director
Date: February 26, 2016
Re: **Veteran's "Fare Free" on Fare Service Routes**

Background:

North Central Regional Transit District (NCRTD) operates a predominately fare free service for passengers and requires regional partners to provide the same for routes they operate that are District funded. NCRTD does, however, operate the following routes for a fare in an effort to cover the cost of providing service:

- Taos Express (Saturday & Sundays)
  - $5 from Taos to Santa Fe One-Way, $2 One-Way to Española or to Santa Fe from Española
  - FY2015 Ridership = 731 (acquired January 1, 2015)
  - FY2016 thru December = 773
- Santa Fe Mountain Trail Trial Route (Sunday –Saturday; including holidays)
  - $5 up the mountain, $5 down the mountain (ski season only)
  - FY2016 Budgeted Ridership = 10,000 one way trips
  - FY2016 thru December = 1,731
- 15 Mile Radius of Española Transit Center Demand Response (Monday-Friday)
  - $1 one-way trip for ADA Eligible Riders and the General Public Outside of ¾ miles of a Fixed Route
  - FY2015 Ridership = 7,028
  - FY2016 thru December = 3,545
- Pojoaque High School Demand Response (During School Year)
  - $1 one-way trip for ADA Eligible Riders and Students
  - FY2015 Ridership = 2,695
  - FY2016 thru December = 1,460

During the February 5, 2016 Board Meeting NCRTD Vice Chairman Miguel Chavez, Santa Fe County Commission Chairman inquired if staff could provide a financial analysis of a new program to provide "fare free" service for Veterans to ride all routes provided by NCRTD for free. The Board of Director's concurred with this request to review the financial implications of providing such a program and to return to the Board with a recommendation. The program would look similar to the Santa Fe Trails and Rio Metro Regional Transit District's new veteran initiative.

Due to lack of information, the financial analysis that staff has prepared is based off of the maximum

impact of serving all Veterans and that the utilization of those ratio would be the same on all routes regardless of geography and relative distance for Veterans from public transportation and the 4 fare routes described above.

How many Veterans live in the NCRTD's four county service area?

According to a 2015 report from the Department of Veteran's Affairs the Veteran population for the 4 counties that NCRTD serves is 7.329% of our total population. The follow shows the breakdown:

Ranking in NM	*Counties Served by NCRTD*	*Veteran Population*	*Total Population*
#4	Santa Fe	10,678	4.47%
#14	Rio Arriba	2,633	1.10%
#15	Taos	2,583	1.08%
#22	Los Alamos	1,602	0.67%
			238,707

Total fares currently collected by the NCRTD?

As of February 8, 2016 the District has collected $26,002 in fares from its customers. The following shows the breakdown:

	Feb 8th	Projected	Total FY16
On-Demand	$ 5,828	$ 2,428	$ 8,256
Santa Fe Mountain Trail	$ 15,988	$ 10,584	$ 26,572
Taos Express	$ 4,186	$ 1,744	$ 5,930
	$ 26,002	$ 14,757	$ 40,759

How are federal funds impacted by collecting fares in rural transit?

All of the fare funded routes at NCRTD are also federal funded (except the Santa Fe Mountain Trail Trial Route), so the fares collected by NCRTD, reduce dollar for dollar the federal reimbursement for these routes. So by offering a Veterans Ride Free option, the federal funds would reduce any losses incurred by NCRTD on 3 of the 4 routes. The current reduction of federal funds are as follows:

	Feb 8th	Projected	Total FY16
On-Demand	$ 5,828	$ 2,428	$ 8,256
Taos Express	$ 4,186	$ 1,744	$ 5,930
	$ 10,014	$ 4,172	$ 14,186

What would be the maximum financial impact on the Santa Fe Mountain Trail if Veterans were "fare free"?

Assuming that the Veteran population that rides the Santa Fe Mountain Trail Route proportionally mirrored the 4 county service area that NCRTD operates in, which is 7.329%, then the estimated effect for the remaining months of FY2016 would be $1,317 reduction in fares. The analysis is as follows:

	Feb 8th	Projected	Total FY16
Santa Fe Mountain Trail (Currently)	$ 15,988	$ 10,584	$ 26,572
Santa Fe Mountain Trail (Veterans Initiative)	$ 15,988	$ 9,267	$ 26,572
Difference	$ 0	$ 1,317	$ 1,317

How would a Veterans initiative be administered?

In an effort be consistent with our neighboring transit agencies that would guarantee reciprocity, staff believes the most cost effective way to provide Veterans a fare free ride would be to have Veterans provide their Veteran IDs (issued by the VA) or Railrunner Veteran certification to receive the discount for each trip. This would mitigate any staff time to provide assurance on Veteran status and any badge making cost for the program. Public outreach and education to the Veteran community on how to obtain their Veteran ID cards could be placed on buses to insure that the privilege is utilized and realized by the community we serve.

What other budgetary impact should Board members consider when contemplating this decision?

The District is projected to collect $40,759 in fares from its customers for FY2016. The revenue budget estimate for fares for FY2016 was $79,000 for these routes. The following shows the shortfall:

	Fare Budget	Projected	Shortfall
On-Demand	$ 12,000	$ 8,256	$ 3,744
Santa Fe Mountain Trail	$ 55,000	$ 26,572	$ 28,428
Taos Express	$ 12,000	$ 5,930	$ 6,070
	$ 79,000	$ 40,759	$ 38,242

Recommendation:

It is recommended that the Finance Committee review and discuss the proposed request for a Veterans "fare free" initiative. Then recommend any further analysis to staff before forwarding to the Board for further discussion.

Attachment:
None

Finance Subcommittee

Meeting January 22, 2016

9:00 a.m.

Board Members Present: *Councilor Pete Sheehey–Los Alamos County, Commissioner Miguel Chavez–Santa Fe County (Telephonic), Leandro Cordova-Taos County (Telephonic)*

Staff Present: *Anthony Mortillaro, Troy Bingham, Daria Veprek, Jackie Trujillo*

Guest(s) Present: *Peter Dwyer (Telephonic), Mike Swallow, David Calvin*

Absent: *Alex Naranjo–Rio Arriba County, Christy Van Buren-Ohkay Owingeh, Henry Roybal–Santa Fe County, Jon Bulthuis-City of Santa Fe, County, Philo Shelton-Los Alamos County, Jim Fambro-Taos County, Tessa Jo Mascarenas-Santa Fe County, Thomas Campos-Rio Arriba County*

Transcribed By: Jackie Trujillo-Executive Assistant

ROLL CALL

APPROVAL OF AGENDA

CALL TO ORDER

A regular Finance Subcommittee meeting was called to order on the above date by Councilor Sheehey.

ITEMS FOR DISCUSSION/RECOMMENDATION

A. Draft Bylaw Amendments

Mr. Mortillaro gave a brief overview on the draft Bylaw revisions and turned it over to Mr. Dwyer for the presentation.

Mr. Dwyer went on to explain the Bylaws needed to be reviewed and updated due to signed copies of the 2007 Bylaws could not be located. Referring to the red lined copy; the main purpose is to make sure all three documents jive which is to say the statues, intergovernmental contract and the Bylaws, and make sure the Bylaws accurately reflect what is presently done. Bylaws were written when RTD was developing, some of the thing that were put in the Bylaws were ideas that were important or good at the time but are no longer relevant; the Board is up functioning along with the entity so the time to make the Bylaws reflect the reality which is our day to day operations is now.

Mr. Dwyer continue to go through the red lined Bylaws adding the purposes are mostly drawn directly from state statue; he did cut and paste state statue for the purposes of clarify the document and then added for our own planning purposes, our vision statement, Long Range Strategic Plan, and Short Range Service Plan, etc. The issue on Supremacy of Establishing Documents is that we are a statutory entity, we have to follow state statue; as in the case of the forest service we get into some issues about the application of federal law to a state entity.

Mr. Dwyer did mention an incident regarding state to state relations between state entities; it is not abundantly clear how issues will be resolved when there is a conflict between federal government and state laws; the Feds

say that their law is supreme; although we have to follow state law for indebtedness, insurance, and our existence is due strictly to the state statue. Adding there are laws we need to follow because we are a state entity which was addressed in Article III (NCRTD recognizes its legal and contractual commitments to the federal government) recognizing them but did not put them in the pecking order of what is more important; which are State Statue, Intergovernmental Contract, then Bylaws. Referring to Article IV, Mr. Dwyer went through the state statues, then took a look at all the powers the Board has, then reorganize the Bylaws from various sections to make them into a single list, which was then divided into Delegable, Non-Delegable Powers and Cooperative Powers. Items that are not changing is the Non-Delegable Powers as listed, those are powers that the Board has to exercise only, two in particular, are issuing bonds and real-estate transactions. Only elected members of the Board can make this decisions. Referring to the Cooperative Powers of the Board; we can enter into memorandum of understandings, memorandum of agreements and engage in cooperative powers with our various members.

Mr. Leandro Cordova entered the conversation via cell phone.

Mr. Dwyer gave Mr. Cordova a brief overview what was mentioned earlier of the Bylaws.

Mr. Dwyer moved on to Section 4.03 Taxation, adding we do not have direct tax authority under the statues. It is deceptive, as it is known that we do have a GRT increment which was passed and adopted specifically for us, but didn't want to give us general tax authority like the County. A change was made to reflect the current status quo that we have a GRT increment, could be reapproved and if we could get rid of the sunset we could have permanent tax revenue. Article VI Membership; a debate was made at prior meetings/years when there was some conflict with the Board. The last direction that staff received; I remember Councilor Seeds from Española said they wanted to make the process as simple as possible and the consensus on the Board at that time was that anyone who was in the District boundaries who wanted to be a member should be allowed to be a member if they applied with no application process. At the direction of the Board it was set up this way. It does say that if you are in the District you can become a member by two thirds the majority vote; called up by statue, two thirds of a vote is mandatory. Another issue is leaving the District this is set up in the statue but in a vague fashion; reflection of what was said and what they mean ; for example statue say "people who are adjacent to the District can join". But fails to comprehend the notion that most people who join our District are within the District already. Their towns, municipalities and sub-governments within the four counties.

Mr. Dwyer went on to explain that he rewrote to acknowledge the reality of that if we want to add members it would be towns, villages, pueblos or tribes. He did clarify that you can join or leave the District; if you want to join the District you will have to go through the statutory process, have a public hearing and go through the notice, come to the Board, they will have to give you two thirds of the majority vote; if you want to leave the District; you may not avoid any legal or contractual obligations by joining or leaving the District, you will have to follow the existing Intergovernmental Contract; what this means is, people can leave the District but cannot take their portion of the GRT with them when they go; adding the GRT is for Regional Transit District, leaving is an option; leaving means not having to vote, not going to Board meetings and not participating. To remove the tax component it would have to be county wide decision, the entire county would have to leave the District and that tax wouldn't be imposed on those counties and service will then not be made for those counties.

Mr. Mortillaro asked if you would take a vote of the constituency of the entire District to make that decision.

Mr. Dwyer answered he isn't sure how it would be done, it would be extremely awkward, what happened to impose the taxes to those counties who asked the question on the ballot measure; presuming that some similar ballet measures would be required to do that but is not sure how it would be done. We would have to work with the State of New Mexico because once the tax is in place, he does not know if it can be removed. There is an expressed provision on the statue imposing the tax, not sure is there is something comparable about appealing it, just assume under the principles of fairness is if it required a vote to oppose it would require a vote to remove it as well. Something that will have to be taken up with the state; he also pointed out, nothing in the Bylaw allows

an individual member to override two thirds majority, this is because we are periodically amending the Intergovernmental Contract to try and update it and add members, if two thirds of the Board votes a new member join, if one member does not agree that a person cannot join they cannot override or veto the two thirds majority simply by failing to sign the IGC. It is explicit that the two thirds majority rule. If you want to impose additional requirement you can, although the last guidance received by the Board was that Board did not want to. What is required is a letter of interest from the parties interested and a simple requirement for a public hearing with a two weeks' notice where the member goes to the public and says if we should join; a public hearing is done they then come back yes or no we vote them up or down, two thirds. Mr. Dwyer moved on to Powers of Members; this is statutory, a reparation of the Statutory Power; added on is the ex-officio the power of the ex-officio as a nonvoting person who can come and monitor.

Mr. Dwyer moved on to section F; Members may request that the District provide reports and attend meetings and coordinate the District's planning and activities with member. This is something Tony does; if Santa Fe, Los Alamos whomever they request Tony will go to their meetings and coordinate our Long Range Plan with them; the law and the conception with that is we are the bigger entity we cover the entire region and others are supposed to submit their plans to us, to make sure they jive with our plan; Tony is willing to work with other members. Referring to the second sentence; will make reasonable efforts to accommodate individual Member requests and make reciprocal requests where appropriate; the law indicates what should be happening is the individual plans should be submitted to the NCRTD and the NCRTD needs to make sure all the plans jive.

Mr. Dwyer moved to Article VIII; Additional or Withdrawal of Territory; this section is about adding and subtracting numbers; the Board reserves the authority to deny application and condition to approval; this goes with the prior section which goes by adding and subtracting people from the District not land; no vison of adding land to the District anytime soon; withdrawing from the District is withdrawing from state statue; the thing to note is, provision from withdrawal shall be negotiated and agreed to by the Board of Directors, members and the Commission; ultimately if a member wants to take some of the busses or wants to strike some sort of deal that will have to be negotiated at that time; the state commission authorizes the districts, they will be there to moderate between the member and the District, to be reasonable and to try to do the right thing.

Mr. Mortillaro added that is a State Transportation commission.

Councilor Sheehey asked if you have previously defined what the state transportation commission is.

Mr. Mortillaro repeated the state law define; is there a definition in the state law of what the commission is.

Mr. Dwyer replied; commission means the state transportation commission 73- 25-3D, it is defined term.

Mr. Dwyer referred to the Powers to the Board, adding he cleaned it up by integrating them; talking about the power of the District saying; the Board has all the power and the Board can delegate some of its power. Listing powers that are delegable and which ones are not. Moving on to Selection of Directors; what was done historically is people select directors and alternates and they send us an indication in writing and we accept it to be true, adding this is the best way to do it because the tribes and pueblos do not have the same kind of open government and requirements as the typical municipalities and counties; for this they should not follow the same as process as a city or county would follow; we will take them at face value, if they say they approve their appointed Director, we will accept that.

Mr. Dwyer asked Mr. Mortillaro if the Pueblos send us a letter or something saying this person is going to be our Director.

Mr. Mortillaro replied yes, adding a number of times the people they appoint are not a Governor or a council member; sometimes they are former governors or employees of the tribal government; the Board has never enforced the issue.

Mr. Dwyer added it is working fine the way it is but the Rule of Alternates had not been called out; what has been done and works well is to designate one person who is the point person and one alternate; discussion has been made in the past about having multiple alternate and the Board and the staff have resisted that say we only need one person who is your director, if that person cannot show up, then there should be one alternate. It shouldn't be a floating thing where we do not know who we are dealing with and the person changes all the time; alternate members are just the same as the director; if the director is absent the alternate has all the same power as the director except the two described powers of bonding and real state.

Further discussion continued on this matter.

Mr. Dwyer moved on to Conflicts of Interest were integrated with the current policy; Conflicts of Interest are addressed once a year by asking people to do a disclosure statement the other portions of this are the state law and he tried to integrate other acts of state laws; if the Board is interested we can do training in the future about legal ethics and ethics of public bodies, which would be worth doing being that members in the Board isn't versed in the conduct act and there are other laws that apply to the Board that we need to comply with that members are not aware, particularly the tribes and pueblos. On Performance and Duties he added a paragraph that we want to restrict the use of the NCRTD authority and letter head to actions that were taken by the Board as a whole. Images or logos should not be used to make statements unless the Board has taken action on it. Some leeway is there; as the chair will have to periodically have to write letters on behalf of the RTD on Mondays as well as Tony as the Executive Director would to. Mr. Dwyer explained do not appropriate the NCRTD logo or letter head and use it for individual actions where the Board should be making that decision. Changes were made on Performance Review may look substantial but change was made to the way it is, which is the way it works right now.

Mr. Mortillaro corrected Mr. Dwyer to refer to section 9.01 relates to Board Member Attendance.

Mr. Dwyer went on to say this is the one instead of having rigid enforcement has been deleted out; in April a report of attendance is made and it is up to the Board; if the Board wants to take action, the Board has the authority.

Further discussion continued on this matter.

Mr. Dwyer moved on to Article X, Officers; discussion was made that changes of Officers of the Board can be made; presently there are more officers than needed. The statue are all clear on this as well as the IGC; the only problem with changing it is we would have to go back and change the IGC as well as it has language. Changing of the officers can be cumbersome; there is a process for the removal of officers it has never happened but it is an option; noting that it is important to know that if we fill a vacancy and if someone doesn't get re-elected and their seat gets filled by someone else it is only until the next election of officers. Moving on to Article XI, Meetings of the Board; the entire meeting schedule is approved at the beginning of the year, when the meetings act is approved; there is a authority for meeting to be moved around, clarifying that meetings need to be done in ADA accessible space and handicap accessible. The voting is clarifying that we have the voting units and need the majority total number of votes and the voting units.

Mr. Dwyer explained the difference between Public Hearings and Public Meetings; public hearing are required by a state statue, for zoning matter and since we do not do zoning therefore we do not hold public hearings; most of our decisions do not require public hearings. We extensively have public provisions on the Board rules in which the public are allowed to speak on any agenda item; then there will be a vote. Public meeting in which the Board decides legal matters. Place of meetings; required by the open meetings act that there is adequate telecom to be able to hear and speak at the meetings; Notice of Meetings have been changed; in the beginning of the year a calendar is adopted; do open meetings act, resolution and can call or move special meetings.

Mr. Dwyer moved on to Agenda Items; if someone wants something on the agenda they talk to the Chair and it goes on the agenda; a provision, upon a written request of any eight Directors, a rolling quorum outside of the presence of an open meeting; if eight Directors wanted something on the agenda, a vote is made before the meeting, in which is illegal under the meetings act; a change was made to say, if any Director wants an item on the agenda the Chair can put it on the agenda, although if the Chair refuses, at an open meeting a vote can be made and be forced on the agenda; an eight member vote has to be done to move to have it on the following agenda; vote on it and the Chair would be overwritten; eight member votes have to be done at an open meeting. Closing of the meeting would have to be roll call votes going into and coming out and stating that no action was taken.

Advisory Committee, Article XII; all committees are Advisory Committees and the Board can form any kind of committee; reflecting on two committees are the Finance and Tribal; the Legislative committee was deleted; consultation with the lobbyist would need to be done to start a Legislative committee; Citizen Advisory Committee had never been formed or met and is not a standing committee for NCRTD.

Councilor Sheehey mentioned that we have a Sustainability Sub Committee.

Mr. Mortillaro confirmed there is a Sustainability Sub Committee created by the Board thru resolution; has a charter, rules and regulations and should be added.

Mr. Dwyer said he will add section C, language to indicate that we have the Sustainability Sub Committee.

Mr. Dwyer moved on to explain the Chairs functions.

Mr. Dwyer moved to General Provision; mentioned we do follow the state fiscal year and acknowledge that we also follow the federal fiscal year, as well; we do not use it for budgetary purposes but do track it. Ownership of Documents; mentioned the chapter and said will follow those laws.

Mr. Dwyer referred, Annual Budget to Tony and Troy adding we have a good process for budget and audit propagations and hope that the section reflects to what is currently done and that is what the Board wants.

Mr. Mortillaro confirmed it does reflect what the current budgetary process and also ties back to the financial policies.

Councilor Sheehey asked if anyone had any questions: asked to entertain a motion to recommend for the adoption of the Bylaws and add that Sustainability Sub Committee for by the Board.

Commissioner Chavez made a motion to approve the Bylaw amendment that was discussed. Mr. Cordova seconded the motion and it passed by unanimous voice vote.

Mr. Dwyer exited the meeting.

B. Compensation Study Results

Mr. Mortillaro began to explain the Compensation Study which is done every two to three years; the last study was done in 2013 before that was 2007, which was the first time we had an Employee Compensation Plan. Adding the consultants selected to undertake this analysis are Personnel Systems and Services who have undertaken our past studies for the district.

Mr. Mortillaro introduced Mike Swallow and David Colvin form Personnel Systems and Services.

Commissioner Chavez asked; how many employees do we have in the non-bargaining unit.

Mr. Mortillaro answered approximately 16-17 employees non-represented and the balance would be in the Collective Bargaining Unit except for any employees that are temporary or rider drivers; roughly forty eight employees;

Mr. Mortillaro turned the presentation over to Mr. Swallow.

Mr. Swallow highlighted parts of the report that was printed in the packet starting on page 30; noting a full exercise undertaken, three years ago, was to address perceptions worth, job valuing; employees were invited to respond to a survey and they identified what they perceived to be worth of work priorities and established a preference for those.

Furthered discussion continued on this item.

Mr. Swallow moved on to page 34; referencing a listing of all the job allocations and the point system; eliminated are the paid grades from the last report since we went on to a market driven methodology that allows the points to represent dollars directly from the market place. If a minor change is made on a job and it reflects upon difficulty of work, the points will be fine-tuned and would result in a change of compensation for the position.

Mr. Swallow asked if there were any questions.

There were none.

Mr. Swallow moved on to page 35, 36 and 37 where the data details of the locations and their contributions to the database; have a number of local and government localities, similar organizations of RTD's across the country a cross section of where your competitors are and where the need to pursue comparability.

Mr. Swallow asked for any comments, thoughts or questions about the data itself or lines of information.

Mr. Swallow mentioned the information on page 35; the approach to the analysis is to make the assumption up front that the rest of the world we are comparing to agrees to how we value our jobs and made an explanation of the evaluation points and values.

Furthered discussion continued on this item.

Mr. Swallow moved on to page 38, regression results is a reference to the statistical process we use to make heads or tail as how we relate to the market; this page feeds into the following pages in the packet with graphs.

Mr. Swallow continued to explain the following graphs on pages 39 thru page

Mr. Mortillaro explained based on our system, employees have the opportunity to progress in the pay range based on performance, their rate of progression tends to reflect their performance; the pay performance has been in place for several years.

Further discussion continued on this item.

Mr. Colvin gave a brief overview on a survey of reviews for Executive Director's compensation survey and the entities comparison.

C. Closed Session

Mr. Mortillaro noted the data presented was for the non-represented and represented and asked if the Sub Committee could make a motion to go into closed session and at that point discussion can be made about the represented.

Mr. Cordova made a motion to go into closed session and Councilor Sheehey seconded the motion and it passed by unanimous voice vote.

Commissioner Chavez made a motion to go into executive session pursuant to NMSA 1978, Section 10-15-1 (H) (5) regarding "collective bargaining" for the discussion for bargaining strategy preliminary to collective bargaining negotiations and it passed by unanimous voice vote.

Commissioner Chavez made a motion to reconvene to open session and stated that no action was taken and Mr. Cordova seconded the motion and it passed by unanimously byvoice vote.

Mr. Mortillaro asked for some direction from the Finance Sub Committee as to the non- represented compensation information for the study that was done, as well as the Executive Directors survey study; asking if it is the desire of the committee to forward that information to the Board for presentation and discussion and if the decision that has to be made is if there is a desire to implement the results now or wait till the 2016 budget.

Commissioner Chavez replied, being that we have the current compensation study and results, it should be presented to the Board in the anticipation of the budget coming up and will have enough time to see where we want to invest our dollars in the salary increases on the nonunion employees.

Councilor Sheehey asked if Commissioner Chavez would make a motion to present the compensation study results to the Board in a recommendation to consider when and how much to implement as part of the budget discussions.

Commissioner Chavez made the motion and Mr. Cordova seconded the motion and it passed by unanimous vote.

Mr. Cordova, Mike Swallow and David Colvin exited the meeting.

D. Mid-Year Budget Review

Mr. Bingham explained in the finance policy a mid-year performance vs. budget review is required to the Board. Referencing graphs presented on page 51 (revenues), a short fall of revenue $760 thousand dollars, not a bad thing, short fall is that we will not use the fund balance that was planned for during the budget process to use prior year revenues profits and use that for District budget needs. The GRT and other revenues are doing well, our expenditures are lower than projected, so we don't expect to need to use $688 thousand we projected in this budget cycle for this year; short falls in the revenue are federal revenues related to capital we can't get to the project completion quick enough to get reimbursed in this fiscal year, we won't lose out on the money, it will go on to next fiscal year; miscellaneous revenue and fares are doing well; member contributions for these various routes are doing better than projected.

Mr. Bingham moved on to page 54, individual counties, how are they performing and where are we coming up with these better than projected GRT numbers; we have a five year monthly expectation for each one of the counties that we serve; the five year data is able to help us project what we have for the budget for the fiscal year, if we are performing better than that this is the time that shows that; Los Alamos County is hard to predict,

some months its up over our projections and some months they are below; for the first five months of the year they are showing over 20% over our expected budget, we didn't want to put that number forward; took the lowest number possible 10%, their lowest increase which happened in July and projected that for the rest of the year; if you use that they will come in $190 thousand more then what we budgeted.

Mr. Mortillaro asked Councilor Sheehey if he wanted to make comments about the revenues in Los Alamos.

Councilor Sheehey indicated that the unpredictability is tied to the federal budget spending; the non-federal spending such as the occupancy tax revenue from tourism has been up. The general trend is increasing
Mr. Bingham moved on to talk about Rio Arriba County, they have two months below our projections; they are cyclical, we see that they do that every two to three years; we want to be conservative with Rio Arriba County putting them at a 3% over projection for the next six months which will give us a $15 thousand dollar revenue surplus, more then what we budgeted and still an increase.

Mr. Bingham moved on to talk about Santa Fe County, whatever revenues we get over and above our projected budget gets split in half with Rio Metro and the Rail Runner; they had one month under, keeping in mind they are our largest GRT contributor; when they are under our budgeted projection that is usually more of a hit then our other counties; overall we saw a 3% average increase for them; projected a 3% in the future which will give us $133 thousand more than we had budgeted.

Mr. Bingham moved on to talk about Taos County, they are showing constant increases; they are at a 27% above budget; pulled the most conservative number which is the 9% which is the lowest that occurred in August; they are showing incremental increases from the last one to two years; the $131,560 is a conservative low estimate of budget surplus, there will be a budgeted surplus of at least $131 thousand; which could be related to the Taos Ski Valley initiative that the state has done for the tax improvement district.

Mr. Bingham noted Federal revenues, the reason we are short falling is because we are not able to spend the capital dollars that have the 80/20 reimbursements from the Feds; the expenditures act differently depending salaries predictable it is month to month, we are fully staffed; the December payroll was used to try to project that out for the year; we had open vacancies for the first six months of the year; we are projecting close to a $700 thousand dollars of attrition savings of what we budgeted; we budgeted based on pay raises because performance reviews are up, people leaving we don't know in the future; that number is volatile the $700 thousand dollars could be $500 thousand dollars in savings but it could be $900 thousand dollars of savings; other expenses were projected on half a years' worth of data; we will be under on fuel by $130 thousand and will be over on vehicle maintenance; vehicle maintenance is huge, but until we get the new buses which then repairs are under warranty will hopefully decrease our current trend of vehicle maintenance expenses..

Mr. Bingham moved on to page 59, Capital Expenses; we will be receiving six busses in the next thirty days, half a million dollars will have to be used to purchase the busses and then seek for reimbursement; these projections were not based on that information, this information was received 24 hours ago; this had a more conservative approach in getting those busses in a more strung out matter; the timing on how it happens is going to be different.

Mr. Bingham asked for any in depth questions or ideas that have not been incorporated or talked about today can be addressed but would like to move this forward for Board information for the following month and let them weigh in on what their seeing.

Councilor Sheehey asked if anyone had any questions or would want to make a motion to pass this on to the Board.

Commissioner Chavez made a motion to forward this mid-year budget review to the full Board.

Commissioner Chavez asked if this item will be reviewed at the next Board meeting; reason asked is if more time is needed and you need to skip an agenda, advise the board so that it fits to your schedule and/or routine.

Mr. Mortillaro mentioned the only change would be the impact of the six new busses arriving may have; if it has any influence on Troy's projections.

Councilor Sheehey seconded the motion and it passed by unanimous voice vote.

E. Quarterly Investment Report

Mr. Bingham mentioned we implemented the new strategy of investment policy we talked about over the last six months; we have a new vender, LPL Treasury Securities; it is what the bank LANB and 1st National Bank of Santa Fe use to go out and buy treasuries when looking to collateralize public accounts to their own constituents; we have taken advantage of LPL financials and bought US treasuries securities, a one year at $750 thousand dollars and a nine month at $250 thousand dollars, we are in $1 million dollars; this opens us up to a new world of secondary markets; we can cash out at any given time or let the actual maturity of these occur; the interest rate are based off of the current treasury notes; we've increased our rate of return to 46% for our investments; overall one-year treasury securities returns are greater due to the change by the Feds in December to raise interest rates are out pacing us because they are at 49-65% for a one year treasury; we are running into maturity risk which we are invested in the CD's that are locked in on old rates before the interest rates changed in December; as long as LANB continues to offer only a forty bases point one year CD our overall rate of return is not going to change dramatically; we should be hesitant to go fully with LPL securities cause it creates a lot of accounting work because you have to do mark to market with these types of treasuries; a new strategy has been implemented, we have money to invest; anticipating putting another half million dollars out of the checking account into the LGIP to hold on to until the new busses are paid; searched for Credit Unions that offered 40 bases points; we picked up Sandia Credit Union and Guadalupe is now offering one hundred bases points/seven month CD, since they do not collateralize we can only go $250 thousand with them.

Mr. Bingham asked if anyone has any suggestions or know what their county is performing to let him know and he will be more than happy to look into those; the best we can be doing is 46 bases points.

Commissioner Chavez made a motion to forward the Quarterly Investment Report to the full Board, Councilor Sheehey seconded and it passed by unanimous voice vote.

F. Minutes

None – No meeting in December 2015

MATTERS FROM THE SUBCOMMITTEE

Commissioner Chavez suggested Troy to meet with Santa Fe County Treasure Patrick Barela; he might want to share what they are doing with their investment policy; they are in the process of updating their policy and recommends Troy to meet with the Treasure and see what they have on their radar.

ADJOURN

Councilor Sheehey adjourned the meeting.

Next Finance Subcommittee will be held February 26, 2016 at 9:00 AM.